A September 1965

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MEMORANDUM FOR: Director of Contral Intelligence

bublict : ONE Memorandum "South Victions's Lenders"

- i. I wish to express some reservations about the judgment that the counterinsurgency fight in South Victoria cannot be won so long as the Ngo family retains leadership, us is set forth in the ONE memorandum to you of 3 September.
- I. Prior to the Buddhist controversy, it was generally agreed that the combined South Victobaseso-HS offort was beginning to show signs of progress in the anti-Communist strug-size. Time was bringing steady improvement to the civilian and military sectors of the Victobaseso government, and the structure hamlet program, in particular, accord to be getting off the ground.
- J. The impact of the Auddhist affair on the presecution of the anti-Communist struggle may not prove to be lasting. The consensus of observers is that recent political developments have not deeply affected the bulk of the population residing in the countryside. The government demonstrated firsters, which the Vistnamese people traditionally respect, and is now engaged in a comprehensive effort to normalize the situation. It may even be that the energence of this to an open position of influence will enhance the government's efforts to calvanize the war offert.
- troversy probably will be short-lived and of little real consequence. The That government is now acting behind the scenes to undercut Caylongs efforts to arganize Southeast Asian consure of South Victuan, and even Cambodia--for praymatic reasons of trade--is not anxious to take further stops which would antagonize the Diem government.

5. In short, I do not believe one can rule out all possibility of winning the war under a Age administration. In viewing the matter, it should be remembered that it took the British nine years of intensive effort to beet down the Communist robellion in Malaya, where the problems were less than those of Vietnam.

R. J. SMITH Acting Deputy Director (Intelligence)

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